

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 SS-15 NSC-05 L-02 H-01 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 MC-02 TRSE-00

OMB-01 PRS-01 PA-01 CIEP-01 STR-01 SP-02 /071 W

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 7120

INFO USMISSION GENEVA

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E. O. 11652: N/A

TAGS: ETRD, EAIR, FR, EIND

SUBJECT: FOURCADE VIEWS ON AIRCRAFT PROCUREMENT BY
AIR FRANCE

REF: PARIS 5010

1. SUMMARY: THIS MESSAGE DISCUSSES THE TRADE POLICY
IMPLICATIONS OF MINISTER FOURCADE'S REMARKS. EMBASSY
BELIEVES FOURCADE'S STATEMENT ABOUT PURCHASE OF
AIRCRAFT BY AIR FRANCE PROBABLY REFLECTED HIS TRUE
FEELINGS AT THE MOMENT, BUT IT IS NOT CLEAR WHETHER
THEY SIGNAL A TOUGHENING OF FRENCH POLICY WITH
RESPECT EITHER TO THE SPECIFIC CASE OF AIRCRAFT
PROCUREMENT BY AIR FRANCE OR TO THE MORE GENERAL
QUESTION OF PROCUREMENT BY NATIONAL ENTERPRISES.
EMBASSY BELIEVES ECONOMIC REALITIES COULD WELL
PREVAIL AND THAT AIR FRANCE COULD BE PERMITTED
TO PURCHASE AMERICAN PLANES IN THE INTEREST OF
EFFECTIVE OPERATION. THEREFORE USG SHOULD NOT
WEIGH IN WITH GOF AT THIS TIME ON GENERAL COMMERCIAL
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POLICY GROUNDS AS THIS WOULD PRESENT A SERIOUS

RISK OF HARDENING FRENCH VIEWS IN THE WRONG DIRECTION. END SUMMARY.

2. WE INFER FROM CIRCUMSTANCES AND ATMOSPHERE SURROUNDING FOURCADE'S REMARKS ON PROCUREMENT OF AIRCRAFT BY AIR FRANCE THAT HE REACTED VISCRALLY TO A JOURNALISTIC QUESTION. HE MAY HAVE THOUGHT ALSO THAT SUCH REMARKS ARE "GOOD POLITICS" SIMILAR TO HIS REMARKS ON GOING PRICE POLICY FOR PETROLEUM PRODUCTS AT SAME GATHERING. WE BELIEVE FOURCADE FEELS FRUSTRATED BY DILEMMA OF CHOOSING BETWEEN SUPPORT FOR UNECONOMIC AEROSPACE INDUSTRY AND WHAT IS BEST FOR NATIONAL CARRIER. FACT THAT BOTH MINISTRY AND AIR FRANCE IMMEDIATELY BACKED AWAY FROM EXTREME POSITION IS INDICATIVE. ALSO THERE IS STILL SOME CONFUSION ABOUT WHAT FOURCADE ACTUALLY SAID, AND WE ASSUME THIS CONFUSION WILL BE ALLOWED TO REMAIN.

3. PRIME MINISTER CHIRAC COMMENTED DURING A RADIO INTERVIEW FEBRUARY 27 THAT ONLY THE STATE CAN BE CONSIDERED IN CHARGE OF NATIONAL ENTERPRISES. HOWEVER, HE ADDED, THIS DOES NOT MEAN THAT "IT WOULD BE GOOD MANAGEMENT TO FORCE THESE ENTERPRISES TO TAKE DECISIONS THEY BELIEVE NOT TO BE IN THEIR INTERESTS. BESIDES, SUCH IS NOT THE DESIRE (AMBIGUITY) OF THE STATE." AS FOR AIR FRANCE, HE SAID THERE IS NO QUESTION OF IMPOSING A SOLUTION WHICH WOULD TROUBLE THE EFFICIENCY OF THE COMPANY. STILL, HE IMPLIED, IT WOULD NOT BE SOLELY AN ECONOMIC SOLUTION.

4. THE PRINCIPAL U.S. INTEREST IS TO KNOW WHETHER FRENCH POLICY ON GOVERNMENT PROCUREMENT WILL BE TOUGHENED. THE STATEMENT ISSUED BY THE FINANCE

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MINISTRY TO CLARIFY FOURCADE'S REMARKS REFERRED TO BALANCE OF PAYMENTS CONSIDERATIONS, THUS IMPLYING A CERTAIN EVOLUTION IN FRANCE'S COMMERCIAL POLICY. FOURCADE, HIMSELF, HAS NOTED THE DIFFICULTY IN SELLING FRENCH AIRPLANES GIVEN THE SHARP DROP IN THE DOLLAR. IF THE GOF IS GOING TO EXERT GREATER PRESSURE ON NATIONAL FIRMS NOT ONLY TO BUY FRENCH BUT ALSO NOT TO BUY AMERICAN PRODUCTS, THE QUESTION OF A POSSIBLE VIOLATION OF THE OECD TRADE PLEDGE WOULD CERTAINLY ARISE. WE REALIZE THAT GOVERNMENT PROCUREMENT POLICIES ARE UNDER DISCUSSION IN THE OECD AND WILL FIGURE PROMINENTLY IN THE MTN. ON A BILATERAL BASIS, THE EMBASSY WILL ATTEMPT TO ASCERTAIN WHETHER FOURCADE'S OUTBURST REPRESENTS A SERIOUS STATEMENT OF POLICY, OR IS INCONSEQUENTIAL.

5. THE EMBASSY WILL REPORT FURTHER THE RESULTS OF OUR INVESTIGATION (PARA 4 ABOVE). MEANWHILE WE RECOMMEND A VERY CAUTIOUS APPROACH IN DISCUSSING

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THIS SUBJECT WITH GOF. THE STRUGGLE WITHIN THE GOF WILL BE BITTER AND DOMESTIC POLITICAL FALLOUT WILL BE A SIGNIFICANT FACTOR IN CALCULATING THE CORRECT POLICY. ECONOMIC REALITIES COULD PROVE A MORE IMPORTANT WEIGHT IN THE BALANCE, HOWEVER, AND WE NEED TO MAKE A CAREFUL ASSESSMENT OF THE PROBABLE COURSE OF FRENCH THINKING. AT THIS STAGE WE THINK A DIRECT APPROACH TO INFLUENCE THE GOF DECISION OR TO QUARREL OVER A PRESUMED POLICY DECISION THAT HAS NOT IN FACT BEEN MADE WOULD BE PREMATURE, WOULD SERVE NO USEFUL PURPOSE, AND MIGHT WELL HAVE AN EFFECT OPPOSITE TO OUR DESIRES.

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